

9592

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/4/08

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET ASSETS	10
STATEMENT OF ACTIVITIES	11
BALANCE SHEET - GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16

TABLE OF CONTENTS
(CONTINUED)

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule-General Fund.....	34
Budgetary Comparison Schedule-Special Revenue Fund-CDBG	35
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	36
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	37
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	43
SCHEDULE OF PRIOR YEAR FINDINGS	45



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)** as of and for the year ended December 31, 2007, which collectively comprise NOTMC's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of NOTMC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and each major fund of **New Orleans Tourism Marketing Corporation**, as of December 31, 2007 and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana
Page 2

In accordance with the Government Auditing Standards, we have also issued our report dated April 7, 2008 on our consideration of NOTMC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 to 9 and budgetary comparison information on pages 34 to 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana
Page 3

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **NOTMC**'s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of **NOTMC**. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 7, 2008

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

New Orleans Tourism Marketing Corporation (NOTMC) is a component unit of the City of New Orleans. NOTMC's management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of NOTMC's financial activity, and identify changes in NOTMC's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ended December 31, 2007.

The following is an illustration on how this financial report is presented.

MD&A

Management's Discussion and Analysis
(Required Supplementary Information)

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Other Required Supplementary Information

Required Supplementary Information

Supplementary Information

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements provide a perspective of NOTMC as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various NOTMC services.

Fund Financial Statements

The fund statements are similar to financial presentations of typical governmental agencies, but the focus is on NOTMC's major funds rather than fund types as in the past. The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

NOTMC maintains two (2) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund and the special revenue fund – Community Development Block Grant, which are considered to be major funds.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Financial Analysis of **NOTMC** as a whole

Summary Statement of Net Assets

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Assets			
Current assets	\$8,195,033	\$6,632,958	\$1,562,075
Capital assets, net	<u>39,476</u>	<u>45,514</u>	<u>(6,038)</u>
Total assets	<u>8,234,509</u>	<u>6,678,472</u>	<u>1,556,037</u>
Liabilities			
Current liabilities	1,372,410	1,104,345	268,065
Long-term liabilities	<u>39,768</u>	<u>26,587</u>	<u>13,181</u>
Total liabilities	<u>1,412,178</u>	<u>1,130,932</u>	<u>281,246</u>
Net Assets			
Invested in capital assets	39,476	45,514	(6,038)
Unrestricted	<u>6,782,855</u>	<u>5,502,026</u>	<u>1,280,829</u>
Total net assets	<u>\$6,822,331</u>	<u>\$5,547,540</u>	<u>\$1,274,791</u>

As indicated by the statement above, in 2007 total net assets are \$6,822,331, which represents a 23% increase over 2006. In 2007, total assets, which consist of 99.5% in current assets and .5% in capital assets, increased by 23% from \$6,678,472 to \$8,234,509.

Total liabilities increased by \$281,246 or 25%, due to an increased amount of marketing accounts payable at December 31, 2007.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$134,004, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$94,528.

The remaining \$6,782,855 in net assets is unrestricted. The unrestricted net assets balance is an accumulation of prior years' operating results. This balance is directly affected by NOTMC's operating results each year.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Results of Operations

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Revenues			
Base Funding-City of New Orleans	\$1,000,000	\$1,000,000	\$ -0-
Federal Grant	4,689,390	-0-	4,689,390
Hotel/Motel Taxes	3,341,602	3,017,804	323,798
RTA Hotel Taxes	2,206,618	2,015,148	191,470
Casino City Lease Agreement	1,000,000	1,000,000	-0-
Casino Hotel Agreement	1,000,000	1,000,000	-0-
Other Revenue	155,238	281,607	(126,369)
Interest Income	<u>222,939</u>	<u>267,458</u>	<u>(44,519)</u>
Total Revenues	<u>13,615,787</u>	<u>8,582,017</u>	<u>5,033,770</u>
Expenses			
Provisions of Funding to			
Outside Agencies	2,481,918	2,282,438	199,480
Special Events	155,000	-0-	155,000
Marketing	9,314,110	5,249,846	4,064,264
General and Administrative	368,614	369,240	(626)
Depreciation	<u>21,354</u>	<u>21,349</u>	<u>5</u>
Total Expenses	<u>12,340,996</u>	<u>7,922,873</u>	<u>4,418,123</u>
Increase in Net Assets	<u>\$ 1,274,791</u>	<u>\$ 659,144</u>	<u>\$ 615,647</u>

Changes in NOTMC's revenues are reflected in the statement above. In 2007, total revenues increased by \$5,033,770 or about 59%, which is primarily due to receiving new federal Community Development Block Grant funds. Total expenses, primarily funding to outside agencies and marketing, increased by \$4,418,123 due to additional marketing expenses charged to the Community Development Block Grant. The above statement shows how the \$1,274,791 increase in net assets occurred for 2007.

A significant portion of revenues is provided from hotel/motel taxes and RTA hotel taxes. In 2007, hotel/motel taxes and RTA hotel taxes totaled \$3,341,602 and \$2,206,618, respectively, which were each higher than 2006 due to an increase in tourism during the period. See Note 4 to the financial statements for further discussions of the sources of NOTMC's revenues.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Financial Analysis of the Governmental Fund

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NOTMC's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the December 31, 2007 fiscal year, NOTMC's general fund reported ending unreserved fund balance of \$6,822,623, an increase of \$1,294,010 in comparison to the prior year. Of the unreserved fund balance, the Board of Directors has designated the following for subsequent year's expenditures and other uses:

Purpose	Amount
Various media costs	\$1,000,000
Internet department	50,000
New Orleans Police Foundation	
Recruitment Campaign	100,000
2008 Summer Conventions	155,000
Reserve for administrative costs	1,500,000
Reserve for emergency marketing costs	<u>2,000,000</u>
Total	<u>\$4,805,000</u>

The remainder of the unreserved fund balance is undesignated.

Capital Assets

At December 31, 2007, NOTMC has \$134,004 invested in furniture and equipment.

Assets	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$134,004	\$118,688
Less accumulated depreciation	<u>94,528</u>	<u>73,174</u>
Net capital assets	<u>\$ 39,476</u>	<u>\$ 45,514</u>

Depreciation expense for the year is \$21,354.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Economic Factors and Next Year's Budget

The major factor affecting the budget is the economy and its effect on the tourism industry. The NOTMC's budget is greatly affected by the amount of tax revenues received from the Hotel/Motel Occupancy Privilege Tax and RTA Hotel Tax. The world climate relating to public safety and homeland security also influences the consumer's confidence in the travel industry. New Orleans has fared well during past times of economic crisis and NOTMC will continue to be conservative in its estimations in order to reduce any possible financial vulnerability.

Budget

As required by state law, the Board of Directors of NOTMC adopts the original budget of NOTMC prior to the commencement of the fiscal year to which the budget applies. NOTMC is permitted by state law to amend its budget anytime during the fiscal year prior the end of fiscal to which the budget applies.

Revenue Budgets

NOTMC's actual general fund revenues of \$8,926,397 were less than the budget by \$61,061, a variance of .01%. The actual special revenue fund – CDBG revenues of \$4,689,390 were more than the budget by \$64,258.

Expenditures Budgets

NOTMC's actual general fund expenditures of \$7,814,386 were more than budgeted expenditures by \$49,402 or .01%. The actual special revenue fund – CDBG expenditures of \$4,689,390 were more than budgeted expenditures by \$64,258.

Contacting NOTMC Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of NOTMC's finances and demonstrate NOTMC's accountability for money it receives. If you have questions about this report or need additional information, contact Ms. Sandra S. Shilstone, President & CEO, New Orleans Tourism Marketing Corporation, 365 Canal Street, Suite 1120, New Orleans, LA. 70130.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

GOVERNMENTAL
ACTIVITIES

ASSETS

Current Assets:

Cash (NOTES 2(F) and 3)	\$5,069,203
Hotel/motel taxes receivable	546,748
RTA hotel taxes receivable	988,192
Base funding receivable	250,000
Grant receivables	1,229,230
Other receivables	99,432
Prepaid expenses	<u>12,228</u>

Total current assets 8,195,033

Noncurrent Assets:

Capital assets (NOTE 5)	134,004
Less accumulated depreciation (NOTE 5)	<u>(94,528)</u>

Total noncurrent assets 39,476

Total assets 8,234,509

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	507,241
Due to outside agencies, net (NOTE 11)	<u>865,169</u>

Total current liabilities 1,372,410

Noncurrent liabilities:

Compensated absences (NOTE 6)	<u>39,768</u>
-------------------------------	---------------

Total liabilities 1,412,178

NET ASSETS

Invested in capital assets	39,476
Unrestricted	<u>6,782,855</u>

Total net assets \$6,822,331

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Change In Net Assets</u>
FUNCTIONS			
Governmental Activities:			
Provision of funding to outside agencies (NOTES 7 AND 11)	\$ 2,481,918	\$ -0-	\$(2,481,918)
Agency and related fees	964,728	-0-	(964,728)
Summer/general media	3,931,580	3,050,178	(881,402)
Multicultural/Essence events	364,506	-0-	(364,506)
Production	779,486	624,497	(154,989)
Public relations	1,029,521	-0-	(1,029,521)
Research	105,084	-0-	(105,084)
Telemarketing	17,496	-0-	(17,496)
Christmas media	947,198	832,715	(114,483)
Interactive marketing	771,230	-0-	(771,230)
Summer/museums media	182,000	182,000	-0-
General and administrative	368,614	-0-	(368,614)
Fulfillment	96,904	-0-	(96,904)
Promotions/festival support	124,377	-0-	(124,377)
Unallocated depreciation	21,354	-0-	(21,354)
Special events	<u>155,000</u>	<u>-0-</u>	<u>(155,000)</u>
Total	<u>12,340,996</u>	<u>4,689,390</u>	<u>(7,651,606)</u>
General Revenues:			
Base funding - City of New Orleans (NOTE 4)			1,000,000
Hotel/motel taxes (net of collection fees) (NOTE 4)			3,341,602
RTA hotel taxes (NOTE 4)			2,206,618
Casino City lease agreement (NOTE 4)			1,000,000
Casino hotel agreement (NOTE 4)			1,000,000
Other revenue (NOTE 4)			155,238
Interest income			<u>222,939</u>
Total general revenues			<u>8,926,397</u>
Change in net assets			1,274,791
Net assets, beginning of year			<u>5,547,540</u>
Net assets, end of year			<u>\$ 6,822,331</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>General Fund</u>	<u>Special Revenue Fund-CDBG</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$5,069,203	\$ -0-	\$5,069,203
Hotel/motel taxes receivable	546,748	-0-	546,748
RTA hotel taxes receivable	988,192	-0-	988,192
Base funding receivable	250,000	-0-	250,000
Grant receivable	-0-	1,229,230	1,229,230
Interfund receivable	1,229,230	-0-	1,229,230
Other receivables	99,432	-0-	99,432
Prepaid expense	<u>12,228</u>	<u>-0-</u>	<u>12,228</u>
Total assets	<u>\$8,195,033</u>	<u>\$1,229,230</u>	<u>\$9,424,263</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 507,241	\$ -0-	\$ 507,241
Interfund payable	-0-	1,229,230	1,229,230
Due to outside agencies, net	<u>865,169</u>	<u>-0-</u>	<u>865,169</u>
Total liabilities	<u>1,372,410</u>	<u>1,229,230</u>	<u>2,601,640</u>
Fund Balance:			
Unreserved - designated (NOTE 12)	4,805,000	-0-	4,805,000
Unreserved - undesignated	<u>2,017,623</u>	<u>-0-</u>	<u>2,017,623</u>
Total fund balance	<u>6,822,623</u>	<u>-0-</u>	<u>6,822,623</u>
Total liabilities and fund balance	<u>\$8,195,033</u>	<u>\$1,229,230</u>	<u>\$9,424,263</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total fund balance-Governmental Funds	\$6,822,623
---------------------------------------	-------------

Amounts reported for governmental activities in
the Statement of Net Assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the governmental funds (NOTE 5):

The cost of capital assets is	\$ 134,004	
Accumulated depreciation is	<u>(94,528)</u>	39,476

Long-term liabilities are not due and payable
in the current period therefore are not
reported in the governmental funds (NOTE 6):

Compensated absences	<u>(39,768)</u>
----------------------	-----------------

Net assets of governmental activities	<u>\$6,822,331</u>
---------------------------------------	--------------------

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE--GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General Fund</u>	<u>Special Revenue Fund-CDBG</u>	<u>Total</u>
<u>REVENUES</u>			
Base funding - City of New Orleans	\$1,000,000	\$ -0-	\$ 1,000,000
Federal grant	-0-	4,689,390	4,689,390
Hotel/motel taxes (net of collection fees)	3,341,602	-0-	3,341,602
RTA hotel taxes	2,206,618	-0-	2,206,618
Casino City lease agreement	1,000,000	-0-	1,000,000
Casino hotel agreement	1,000,000	-0-	1,000,000
Other revenue	155,238	-0-	155,238
Interest income	<u>222,939</u>	<u>-0-</u>	<u>222,939</u>
Total revenues	<u>8,926,397</u>	<u>4,689,390</u>	<u>13,615,787</u>
<u>EXPENDITURES</u>			
Provision of funding to outside agencies	2,481,918	-0-	2,481,918
Agency and related fees	964,728	-0-	964,728
Summer/general media	881,402	3,050,178	3,931,580
Multicultural/Essence events	364,506	-0-	364,506
Production	154,989	624,497	779,486
Public relations	1,029,521	-0-	1,029,521
Research	105,084	-0-	105,084
Telemarketing	17,496	-0-	17,496
Christmas media	114,483	832,715	947,198
Interactive marketing	771,230	-0-	771,230
Summer/museums media	-0-	182,000	182,000
General and administrative	355,433	-0-	355,433
Fulfillment	96,904	-0-	96,904
Promotions/festival support	124,377	-0-	124,377
Marketing technologies	15,316	-0-	15,316
Special events	<u>155,000</u>	<u>-0-</u>	<u>155,000</u>
Total expenditures	<u>7,632,387</u>	<u>4,689,390</u>	<u>12,321,777</u>
Net change in fund balance	1,294,010	-0-	1,294,010
Fund balance, beginning of year	<u>5,528,613</u>	<u>-0-</u>	<u>5,528,613</u>
Fund balance, end of year	<u>\$6,822,623</u>	<u>\$ -0-</u>	<u>\$ 6,822,623</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Total net change in fund balance - Governmental Funds	\$1,294,010
---	-------------

Amounts reported for governmental activities in the
Statement of Activities are different because:

The Governmental Funds reported capital outlays as
expenditures whereas in the Statement of Activities,
these cost are depreciated over their estimated lives:

Depreciation expense (NOTE 5)	(21,354)
Capital outlays (NOTE 5)	15,316

Long-term compensated absences are reported in the
Government-Wide Statement of Activities, but they
do not require the use of current financial resources.
Therefore, compensated absences are not reported
as expenditures in the Governmental Funds (NOTE 6)

(13,181)

Change in net assets of governmental activities

\$1,274,791

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organizations and Operations:

New Orleans Tourism Marketing Corporation (NOTMC) was organized January 1, 1990. The objectives and purposes of **NOTMC** are as follows:

- o To continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination;
- o To stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the United States and the World; and
- o To advance, promote and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means.

NOTMC is administered by a Board of Directors consisting of fifteen (15) members appointed as follows:

- o One (1) member appointed by the Mayor of the City of New Orleans;
- o Three (3) members appointed by the City Council from its members;

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Operations, Continued:

- o Three (3) members appointed from a list of six (6) nominees submitted by the New Orleans Metropolitan Convention and Visitors Bureau;
- o Four (4) members appointed from a list of eight (8) nominees submitted by the Greater New Orleans Hotel/Motel Association;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Multicultural Tourism Network, Inc.;
- o One (1) member appointed from a list of two (2) nominees submitted by the Preservation Resource Center;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans East Economic Development Foundation; and
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Chapter of the Louisiana Restaurant Association.

NOTMC commenced operation on May 1, 1991.

The accounting and reporting policies of **NOTMC** conform to accounting principles generally accepted in the United States of America as applicable to governmental bodies.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies:

The following is a summary of the significant policies followed in the preparation of these financial statements.

A) Implementation of Governmental Accounting Standards Board Statements

During the fiscal year 2002, NOTMC adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital Assets - consists of capital assets, net of accumulated depreciation.

Restricted Net Assets - result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation. At December 31, 2007, NOTMC had no restricted net assets.

Unrestricted Net Assets - consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

A) Implementation of Governmental Accounting Standards Board Statements, Continued

The Statement of Activities - demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

B) Reporting Entity

NOTMC is a component unit of the City of New Orleans, the reporting entity, as defined by the Governmental Accounting Standards Board pronouncement.

C) Funds

NOTMC uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain NOTMC functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of NOTMC are classified as governmental.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C) Funds, Continued

The governmental fund's accounts for all of NOTMC's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of NOTMC. The following is NOTMC's governmental funds:

General Fund - the operating fund of NOTMC and it accounts for all financial resources. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to NOTMC.

Special Revenue Funds - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by NOTMC to be accounted for separately.

D) Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of NOTMC.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Measurement Focus/Basis of Accounting, Continued

Government-Wide Financial Statements (GWFS), Continued

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Measurement Focus/Basis of Accounting, Continued

Fund Financial Statements (FFS), Continued

Fund financial statements report detailed information about **NOTMC**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At December 31, 2007, the general fund and the special revenue-CDBG are the only major funds of **NOTMC**.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. **NOTMC** considers all revenues available if they are collected within 60 days after the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

E) Budgetary Data

NOTMC follows these procedures in establishing the budgetary data reflected in these financial statements:

1. NOTMC is required to prepare an annual budget and submit it to the Board of Directors.
2. Upon review and completion of all action necessary to finalize the budget, it is then adopted by the Board of Directors prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds from one program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Directors.
4. All budgetary appropriations lapse at the end of the fiscal year.
5. The budget for the general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Board of Directors.
6. The budget of the City of New Orleans' appropriations must be approved by the City of New Orleans.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

F) Cash

Cash includes amounts in interest-bearing demand deposits. Under state law, NOTMC may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G) Compensated Absences

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from NOTMC employment. NOTMC is not obligated to pay for unused sick leave if an employee terminates prior to retirement.

NOTMC accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental fund is maintained separately and represents a reconciling item between the fund and government-wide presentation.

H) Income Taxes

NOTMC is exempt from taxation under Section 527 of the Internal Revenue Code.

I) Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. NOTMC maintains a threshold level of \$500 or more for capitalizing capital assets.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

I) Capital Assets, Continued

Capital assets are recorded in the GWFS, but are not reported in the FFS. Furniture and equipment are depreciated using the straight-line method over three (3) to ten (10) years estimated useful lives.

J) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - Cash:

NOTMC had cash in demand deposit accounts totaling \$5,069,203 (book balances) at December 31, 2007.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Cash, Continued:

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2007, **NOTMC** has \$5,196,974 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$5,609,521 of pledged securities held by a custodial bank in the name of the fiscal agent bank.

Custodial credit risk is the risk that, in event of a failure of financial institution or counterparty, **NOTMC** would not be able to recover its deposits, investments, or collateral securities that are in the possession of an outside party. **NOTMC's** deposits are not subject to custodial credit risk since they are deposited in a stock-owned federally insured depository institution organized under the laws of the State of Louisiana or under laws of the United States, as required by the Revised Statutes.

NOTE 4 - Sources of Revenue of New Orleans Tourism Marketing Corporation:

The major sources of revenue are base funding, hotel occupancy privilege tax, RTA hotel tax, casino funding, federal grant and other revenue as discussed below:

- A) Base Funding - Pursuant to New Orleans City Council Ordinance No. 18358, Base Funding for **NOTMC** shall be the amount of funds to be received from the City of New Orleans and/or other public or nonprofit entities, and/or private contributions.

For the year ended December 31, 2007, **NOTMC** earned \$1,000,000 in Base Funding.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Sources of Revenue of New Orleans Tourism Marketing Corporation.
Continued:

- B) Hotel Occupancy Privilege Tax - The Hotel Occupancy Privilege Tax (effective November 1, 1990) is levied upon persons for the privilege of occupying hotel rooms within Orleans Parish in the amount of fifty cents (\$0.50) per occupied hotel room per night for hotels containing from three (3) to two hundred ninety-nine (299) rooms and one dollar (\$1.00) per occupied hotel room per night for hotels containing three hundred (300) or more rooms.

Every hotel operator subject to this tax shall make reports on the previous month's business on or before the twentieth day of the following month to the City of New Orleans.

The imposition and collection of the Hotel Occupancy Privilege Tax shall be repealed and discontinued upon the occurrence of any of the following:

- o The disposition or liquidation of NOTMC; or
- o The specific decertification of NOTMC as a nonprofit economic development corporation by the New Orleans City Council.

For the year ended December 31, 2007, NOTMC earned \$3,341,602 (net of collection fees of \$68,196) from the Hotel Occupancy Privilege Tax.

- C) RTA Hotel Tax - As provided by the agreement for services and cooperative economic endeavor by and between the Regional Transit Authority (RTA) and NOTMC, NOTMC shall receive a sum of 40% of the first \$7,200,000 of the RTA's 1% general sales and use taxes, applied to hotels in Orleans Parish, actually received by the RTA each calendar year not to exceed \$2,880,000.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Sources of New Orleans Tourism Marketing Corporation, Continued:

C) RTA Hotel Tax, Continued

In consideration of the payments to be made by the RTA to NOTMC, NOTMC shall perform the following marketing services:

- o Promote the use of the RTA's transit services to tourist or business travelers;
- o Consult with the RTA regarding information or promotion of the RTA's transportation services available to tourist or business travelers;
- o Assist the RTA and other agencies to secure funding for existing and proposed streetcar and lightrail projects; and
- o Provide funding, not to exceed 3.45% of the RTA hotel tax received from the RTA, to the Mayor's Office of Tourism and Arts who shall make all reasonable efforts to use such funds to feature or enhance tourism, public transportation and other goals and objectives of the agreement.

Additionally, NOTMC shall allocate and dedicate 50% of the RTA hotel tax received from RTA to the Morial Convention Center Expansion Transit Fund (the Transit Fund). The funds paid to the Transit Fund and related earnings must be used for the benefit of the Phase IV Convention Center expansion project administered by the Ernest N. Morial New Orleans Exhibition Hall Authority.

- D) Casino City Lease Agreement - According to the lease agreement among the City of New Orleans (the City) and the Rivergate Development Corporation and the Jazz Casino Company (the Casino), the Casino is required to make an annual contribution of \$1,000,000 to the destination marketing program of the City for the joint benefit of the City and the Casino in order to promote the City and the Casino as destinations. The City has utilized NOTMC to conduct the destination marketing program on behalf of the City.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Sources of New Orleans Tourism Marketing Corporation, Continued:

- E) Casino Hotel Agreement - The Casino has agreed to make payments, annually, for additional marketing monies to be dedicated to **NOTMC** to market the entire City. These annual payments are in addition to the above amounts required by the lease agreement.
- F) Federal Grant - Community Development Block Grant funds awarded to **NOTMC** to influence domestic leisure travelers to visit New Orleans, in post Katrina New Orleans and drive visitor spending.
- G) Other Revenue - Other revenue includes sales of advertising and discount coupons placed in tourism guides produced by **NOTMC**, sales of co-sponsored and shared advertising placed by **NOTMC** in national print media and sales of advertising and linking services on **NOTMC**'s Internet web site.

NOTE 5 - Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Assets</u>				
Furniture and equipment	\$118,688	\$ 15,316	\$-0-	\$ 134,004
Accumulated depreciation	(73,174)	(21,354)	-0-	(94,528)
Net capital assets	<u>\$ 45,514</u>	<u>\$ (6,038)</u>	<u>\$ -0-</u>	<u>\$ 39,476</u>

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Long-Term Debt:

A summary of the changes in long-term debt is as follows:

<u>Description</u>	<u>January 1, 2007</u>	<u>Additions</u>	<u>December 31, 2007</u>
Compensated absences	<u>\$26,587</u>	<u>\$13,181</u>	<u>\$39,768</u>

NOTE 7 - Transactions with Outside Organizations:

Provision of Funding

According to the Council of the City of New Orleans' Ordinance (Council Ordinance) to adopt **NOTMC's** Tourism Promotion Program for 2007 and as provided by the RTA Hotel Tax Agreement, **NOTMC** provided funding to the following organizations.

	<u>RTA Hotel Tax Agreement</u>	<u>Council Ordinance</u>	<u>Total</u>
New Orleans Metropolitan Convention and Visitors Bureau	\$ -0-	\$ 976,861	\$ 976,861
New Orleans Multicultural Tourism Network, Inc.	-0-	325,620	325,620
Ernest N. Morial New Orleans Exhibition Hall Authority	1,103,309	-0-	1,103,309
Mayor's Office of Tourism and Arts	<u>76,128</u>	<u>-0-</u>	<u>76,128</u>
	<u>\$1,179,437</u>	<u>\$1,302,481</u>	<u>\$2,481,918</u>

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Operating Lease:

NOTMC has an operating lease for office space. For this lease, **NOTMC** has, as of December 31, 2007, a contractual agreement requiring the following rental payments:

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Facility</u>
2008	\$ 49,755
2009	49,755
2010	<u>24,878</u>
Total	<u>\$124,388</u>

Lease expense for the current year amounted to \$61,574.

NOTE 9 - Risk Management:

NOTMC is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **NOTMC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. **NOTMC** considers the carrying amounts of cash and receivables to be fair value.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11- Due to Outside Agencies, Net:

At December 31, 2007, the net amount due to outside agencies is as follows:

	Amount Due To At December 31, <u>2006</u>	Provision Of Funding Expenditure At December 31, <u>2007</u>	Payments Made To Outside Agencies At December 31, <u>2007</u>	Total Net Amount Due To At December 31, <u>2007</u>
Ernest N. Morial New Orleans Exhibition Hall Authority	\$437,008	\$1,103,309	\$(1,046,221)	\$494,096
Mayor's Office of Tourism and Arts	22,535	76,128	(64,570)	34,093
New Orleans Metropolitan Convention and Visitors Bureau	402,001	976,861	(1,126,127)	252,735
New Orleans Multicultural Tourism Network, Inc.	<u>134,000</u>	<u>325,620</u>	<u>(375,375)</u>	<u>84,245</u>
Total	<u>\$995,544</u>	<u>\$2,481,918</u>	<u>\$(2,612,293)</u>	<u>\$865,169</u>

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Fund Balance Designations:

Unreserved - Designated Fund Balance

Fund balance designations totaling \$4,805,000 consist of the following at December 31, 2007:

<u>Purpose</u>	<u>Amount</u>
Various media costs	\$1,000,000
Internet department	50,000
New Orleans Police Foundation	
Recruitment Campaign	100,000
2008 Summer Conventions	155,000
Reserve for administrative costs	1,500,000
Reserve for emergency marketing costs	<u>2,000,000</u>
Total	<u>\$4,805,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<u>REVENUES</u>				
Base funding - City of New Orleans	\$1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -0-
Hotel/Motel taxes (net of collection fees)	3,055,836	3,394,854	3,341,602	(53,252)
RTA hotel taxes	2,000,355	2,214,426	2,206,618	(7,808)
Casino City lease agreement	1,000,000	1,000,000	1,000,000	-0-
Casino hotel agreement	1,000,000	1,000,000	1,000,000	-0-
Other revenue	-0-	155,239	155,238	(1)
Interest income	-0-	222,939	222,939	-0-
Total revenues	<u>8,056,191</u>	<u>8,987,458</u>	<u>8,926,397</u>	<u>(61,061)</u>
<u>EXPENDITURES</u>				
Provision of funding to outside agencies	2,488,733	2,502,067	2,481,918	20,149
Agency and related fees	984,000	939,856	964,728	(24,872)
Special events	-0-	155,000	155,000	-0-
Summer/general media	1,305,000	881,402	881,402	-0-
Multicultural/essence events	350,000	364,506	364,506	-0-
Production	525,000	178,529	154,989	23,540
Public relations	676,983	1,030,039	1,029,521	518
Research	106,500	103,709	105,084	(1,375)
Telemarketing	-0-	17,496	17,496	-0-
Christmas media	-0-	114,482	114,482	-0-
Summer/museum media	100,000	-0-	-0-	-0-
Interactive marketing	845,625	705,375	771,230	(65,855)
General and administrative	366,990	353,926	355,433	(1,507)
Fulfillment	150,000	96,904	96,904	-0-
Marketing technologies	15,000	15,316	15,316	-0-
Promotions/festival support	<u>200,000</u>	<u>124,377</u>	<u>124,377</u>	<u>-0-</u>
Total expenditures	<u>8,113,831</u>	<u>7,582,984</u>	<u>7,632,386</u>	<u>(49,402)</u>
Net change in fund balance	<u>(57,640)</u>	<u>1,404,474</u>	<u>1,294,011</u>	<u>(110,463)</u>
Fund balance, beginning of year	<u>5,528,613</u>	<u>5,528,613</u>	<u>5,528,613</u>	<u>-0-</u>
Fund balance, end of year	<u>\$5,470,973</u>	<u>\$ 6,933,087</u>	<u>\$ 6,822,624</u>	<u>\$ (110,463)</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND - CBDG
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<u>REVENUES</u>				
Community Development Block Grant	<u>\$4,775,000</u>	<u>\$4,625,132</u>	<u>\$4,689,390</u>	<u>\$ 64,258</u>
Total revenues	<u>4,775,000</u>	<u>4,625,132</u>	<u>4,689,390</u>	<u>64,258</u>
<u>EXPENDITURES</u>				
Production	-0-	600,384	624,497	(24,113)
Summer/general media	3,965,000	3,050,178	3,050,178	-0-
Summer/museum media	-0-	182,000	182,000	-0-
Christmas media	<u>810,000</u>	<u>792,570</u>	<u>832,715</u>	<u>(40,145)</u>
Total expenditures	<u>4,775,000</u>	<u>4,625,132</u>	<u>4,689,390</u>	<u>(64,258)</u>
Net change in fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Independent Auditors' Report on Supplementary Information.

SUPPLEMENTARY INFORMATION

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FEDERAL</u> <u>EXPENDITURES</u>
U. S. Department of Housing and Urban Development Passed Through Louisiana Department of Culture, Recreation and Tourism: Community Development Block Grant	14.228	\$ <u>4,689,390</u>
Total U. S. Department of Housing and Urban Development		<u>4,689,390</u>
Total Expenditures of Federal Awards		\$ <u>4,689,390</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of **NOTMC** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited the financial statements of **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)** as of and for the year ended December 31, 2007, and have issued our report thereon dated April 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered NOTMC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NOTMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NOTMC's internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects NOTMC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of NOTMC's financial statements that is more than inconsequential will not be prevented or detected by NOTMC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by NOTMC's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOTMC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of NOTMC's Board, management, the City of New Orleans, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 7, 2008



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

Compliance

We have audited the compliance of **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)**, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. NOTMC's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of NOTMC's management. Our responsibility is to express an opinion on NOTMC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

of compliance requirements referred to above that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about NOTMC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of NOTMC's compliance with those requirements.

In our opinion, NOTMC complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of NOTMC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered NOTMC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NOTMC's internal control over compliance.

A control deficiency in NOTMC's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects NOTMC's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by NOTMC's internal control.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by NOTMC's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of NOTMC's Board, management, the City of New Orleans, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 7, 2008

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

We have audited the financial statements of **New Orleans Tourism Marketing Corporation (A Component Unit of the City of New Orleans)** as of and for the year ended December 31, 2007, and have issued our report thereon dated April 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

1. **Summary of Auditors' Results**

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported** Material weaknesses: **No**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Significant deficiencies in internal control over major programs: **None Reported** Material weaknesses: **No**.
- D. The type of report issued on compliance for major programs: **Unqualified**.
- E. Any audit findings which are required to be reported under section 501(a) of OMB Circular A-133: **No**.
- F. Major program:
 - U.S. Department of Housing and Urban Development:
 - Community Development Block Grant
 - (CFDA No. 14:228)
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2007

1. **Summary of Auditors' Results, Continued**

H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: No.

I. A management letter was issued: No.

2. **Financial Statement Findings**

No matters were reported.

3. **Federal Award Findings and Questioned Costs**

No matters were reported.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No comments were reported.